

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 464 - SB 794**

March 15, 2017

**SUMMARY OF BILL:** Authorizes local government entities to establish a property assessed clean energy (PACE) program to impose an assessment to repay the debt costs associated with the installation of a permanent improvement to real property intended to decrease or offset water or energy consumption or demand to an owner of commercial, industrial, or real property. Sets forth the requirements for a local government to establish a PACE program.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$5,000/Permissive/Each PACE Project**

**Increase Local Expenditures – Exceeds \$5,000/Permissive/Each PACE Project**

**Assumptions:**

- Any action taken by a local government to establish a PACE program is permissive.
- The precise fiscal impact of this bill is dependent upon several unknown factors, including but not limited to: the extent to which any applicable local government will elect to implement a PACE program and assess additional property tax; the number of PACE projects that are undertaken; where PACE projects are undertaken; the fiscal year in which such projects are undertaken; implementation costs relative to each PACE program; and whether local governments elect to contract with third parties for such programs.
- Given the extent of unknown factors, estimating a precise fiscal impact to local governments is difficult; however, it is reasonable to assume that local governments will have permissive recurring increases in expenditures estimated to exceed \$5,000 for financing of any qualified PACE project. Any such local government will also experience an increase in local property tax revenue on the assessed PACE project property estimated to exceed \$5,000.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj